Reg. No.

BBABMC 363/BBMBMC 363

Credit Based Sixth Semester B.B.A./B.B.M. Degree Examination, Sept./Oct. 2020
(2012 Scheme)
COST AND MANAGEMENT ACCOUNTING

Time : 3 Hours Max. Marks : 120

Instruction : *Support your answer with working notes **wherever** necessary.*

SECTION – A (**Two** marks **each**) **(10×2=20)**

Answer **any ten** of the following.

1. a) What is retention money ?
   b) What do you mean by contribution ?
   c) What is variance ?
   d) What is flexible budget ?
   e) What is abnormal loss ?
   f) What is economic batch quantity ?
   g) Define Management Accounting.
   h) What do you mean by work certified ?
   i) What is break even point ?
   j) What is a key factor ?
   k) If the profit is 25% on sales, how much is the percentage on cost ?
   l) What is margin of safety ?

SECTION – B (**Eight** marks **each**) **(5×8=40)**

Answer **any five** questions.

2. Bring out the causes responsible for difference in profits shown by financial accounts and cost accounts.

3. Explain the principles involved in taking profit of an incomplete contracts.

4. Prepare a job cost sheet for the following :
   Material ₹ 4,010
   Wage : Department A : 60 hours at ₹ 30 per hour
   Department B : 40 hours at ₹ 20 per hour
   Department C : 20 hours at ₹ 10 per hour
   Variable overhead : ₹ 2 per hour
   Fixed ₹ 30,000 for 10000 hours
   Profit 20% on sales.

P.T.O.

5. You are given the following information :
   Sale price ₹ 700 per unit
   Variable cost ₹ 400 per unit
   Fixed costs ₹ 33,00,000.
   Ascertain :
   1) Break even point
   2) P/v ratio
   3) Sale price per unit if break even point is brought up to 15000 units.
   4) Sale price per unit if break even point is brought down to 10000 units.

6. The following information is given pertaining to material 'P' in a factory.
   Standard Quantity 1000 units
   Actual Quantity 1060 units
   Standard price ₹ 20 per unit
   Actual price ₹ 24 per unit
   Calculate :
   a) Material cost variance
   b) Material price variance
   c) Material usage variance.

7. Prepare a production budget at 60% capacity. The following data is furnished at 80% capacity.
   Actual production 8000 units
   Material cost per unit ₹ 50
   Labour cost per unit ₹ 30
   Direct expenses per unit ₹ 20
   Factory overhead per unit ₹ 20 (60% variable)
   Administrative overhead per unit ₹ 30 (70% fixed).

8. Draw a Break-even chart and show the following :
   i) BEP
   ii) Profit region
   iii) Loss region
   iv) Angle of incidence
   v) Fixed cost region
   vi) Variable cost region.

SECTION – C (**Twenty** marks **each**) **(3×20=60)**

Answer **any three** questions :

9. The following Trial Balance was extracted on 31st December 2019 from the books of Hometech Builders Ltd., Bangalore.

	₹	₹
Share capital : 3500 ordinary shares of ₹ 100 each fully paid		3,50,000
Creditors		83,000
Profit and Loss on 1st January 2019		25,000

Bank overdraft		63,000
Cash received on account		12,80,000
Land and building at cost	74,000	
Plant and tools at cost	52,000	
Cash in hand	45,000	
Contract No. 9 : Materials issued	6,00,000	
Direct Labour	8,30,000	
Expenses	40,000	
Plant and tools (cost)	1,60,000	
	18,01,000	**18,01,000**

Contract No. 9 was begun on 1st January 2019. The contract price is ₹ 24,00,000 and the contractee has so far paid ₹ 12,80,000 being 80% of the work certified. The cost of work done since certification is estimated at ₹ 16,000.

On 31st December 2019 after the above Trial Balance was extracted, plant costing ₹ 32,000 was returned to store and materials on site was ₹ 27,000, of the plant and materials charged to the contract, plant which cost ₹ 4,000 and materials costing ₹ 3,000 were lost. Plant to be depreciated at 10% on cost (only on plant supplied to contract).

You are required to :

a) Write up the contract of account

b) Submit the Balance Sheet as on 31 December 2019.

10. A product passes through three processes A, B and C. The normal wastage of Process A – 3%, Process B – 5% and Process C – 8%. Wastage of Process A was sold at 25 paise per unit, that of B at 50 paise per unit and that of C at ₹ 1 per unit. 20000 units were issued to Process A at a cost of ₹ 1 per unit. The other details are as follows :

	A ₹	B ₹	C ₹
Sundry materials	2,000	3,000	1,000
Labour	10,000	13,000	13,000
Direct Expenses	2,100	2,376	2,100
Actual output (units)	19,000	18,200	16,200

Prepare process accounts, abnormal loss and abnormal gain accounts.

11. Maharaja traders have furnished the following information from financial books for the year ended 30th June 2019.

Trading and Profit and Loss A/c for the year ended 30th June 2019.

	₹		₹
To Opening stock (500 units @ ₹ 35 each)	17,500	By Sales	7,17,500
" Materials consumed	2,60,000	" Closing stock (250 units @ ₹ 50 each)	12,500
" Wages	1,50,000		
" Gross profit	3,02,500		
	7,30,000		**7,30,000**

To	Factory overhead	94,700	By	Gross Profit	3,02,500
"	Office overhead	1,06,000	"	Interest	250
"	Selling expenses	55,000	"	Rent	10,000
"	Bad debts	4,000			
"	Goodwill written off	5,000			
"	Net profit	48,050			
		3,12,750			**3,12,750**

The Cost Sheet shows the following :

a) Cost of materials at ₹ 26 per unit and labour cost ₹ 15 per unit.

b) Factory overheads are absorbed at 60% of labour cost.

c) Office overheads are absorbed at 20% of factory cost.

d) Selling expenses are charged at ₹ 6 per unit.

e) Opening stock of finished goods is valued at ₹ 45 per unit and closing stock is valued at the same value as shown in financial books.

You are required to prepare :

i) A statement showing cost and profit as per cost accounts for the year ended 30 June 2019.

ii) Statement showing the reconciliation of profit disclosed in cost accounts with the profit shown in financial accounts.

12. Coastal Carrier company has a truck of 8 ton capacity. The truck carries goods between two cities covering a distance of 100 km each way. It makes one round trip each day. On onward trip freight is available to the extent of full capacity and on return journey it is 25% of the capacity.

The cost of the truck is ₹ 7,56,000 and its life is estimated to be 20 years after which it may fetch a scrap value of ₹ 36,000.

Annual tax and insurance are estimated to be ₹ 38,400 and ₹ 57,600 respectively.

The following information are supplied to you for the month of January 2019.

Diesel, oil per trip, each way ₹ 120. Repairs ₹ 3,750. Drivers wage ₹ 4,000. Conductors wage ₹ 3,000.

The truck was laid off on account of repairs for 6 days during the month of January.

You are required to ascertain :

i) Operating cost per ton-km and

ii) Rate per round trip that the company should charge if a profit of 50% on the freightage is to be earned.